

Message Text

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AMEMBASSY PARIS

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C O N F I D E N T I A L LISBON 4489

E.O. 11652: XGDS-4

TAGS: PGOV, PINT, PO

SUBJ: PPD VIEWS ON ELECTION RESULTS AND SOCIALISTS
PROSPECTS

SUMMARY: PPD LEADER SA CARNEIRO'S STRATEGY IS TO MAINTAIN
FLEXIBILITY UNTIL PROSPECTS FOR SOCIALIST GOVERNMENT
BECOME CLEARER. HE WILL SUPPORT AN ALL-OUT SOCIALIST
EFFORT; HE WILL NOT SUPPORT A MEDIOCRE CABINET OR A PROGRAM
THAT DOES NOT CONTAIN SPECIFIC MEASURES. SA CARNEIRO
BELIEVES SOCIALISTS WILL NOT SUCCEED AND THAT THEIR
INTERNAL DISSENSIONS WILL EVENTUALLY LEAD THE RIGHT
WING OF THE SOCIALIST PARTY TO JOIN WITH THE PPD IN
FORMING A LARGE SOCIAL-DEMOCRATIC PARTY. THE PPD
ANALYSIS IS THAT ELECTIONS REVEALED COMMUNIST STRENGTH
IN LABOR IS NOT AS STRONG AS GENERALLY THOUGHT. SA
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CARNEIRO BELIEVES OTELO RECEIVED FINANCING FROM

PALESTINIANS AND THAT DEEP BEHIND OTELO'S CAMPAIGN ARE THE COMMUNISTS. END SUMMARY.

1. AT A SOCIAL ENCOUNTER JULY 1 I HAD A POLITICAL DISCUSSION WITH PPD LEADER SA CARNEIRO, PPD MINISTER MAGALHAES MOTA, AND EANES' ADVISOR FIRMINO MIGUEL. IT WAS OBVIOUS THAT MIGUEL AND SA CARNEIRO KNEW EACH OTHER WELL AND THAT THE FORMER SHARED MOST OF THE VIEWS EXPRESSED BY THE LATTER.

2. SA CARNEIRO SAID SOARES IS A BORN OPPOSITION LEADER, BUT HE FEARED HE DID NOT HAVE THE STICK-TO-ITIVENESS TO MAKE THE GOVERNMENT GO. HE JOKED THAT THE END OF JULY AND EARLY AUGUST WOULD BE A BUSY PERIOD; THE LAST WEEK IN JULY THE GOVERNMENT WOULD BE INSTALLED AND THE FIRST WEEK IN AUGUST IT WOULD RECEIVE A VOTE OF NO CONFIDENCE IN THE ASSEMBLY. IN MORE SERIOUS TONE AT SUBSEQUENT POINT IN CONVERSATION, S ACARNEIRO SAID HE WOULD FULLY SUPPORT A FIRST-RATE SOCIALIST TEAM WITH A SPECIFIC PROGRAM. HE WOULD NOT SUPPORT A MEDIOCRE TEAM THAT DEALT IN GENERALITIES. SA CARNEIRO NOTED THAT, ALTHOUGH THE PPD IS READY AND WAITING, THE SOCIALISTS HAD MADE NO APPROACH SEEKING COOPERATION. THE COUNTRY COULD ONLY AFFORD A LIMITED PERIOD IN WHICH ITS DEVELOPMENT WAS HELD HOSTAGE TO INTERNAL DIVISIONS WITHIN THE SOCIALIST PARTY. IF THE SOCIALISTS FAILED HE SAW THE RIGHTWING OF THE SOCIALIST PARTY JOINING THE PPD TO FORM A LARGE SOCIAL-DEMOCRATIC PARTY. HE NOTED THAT THE PHILOSOPHY OF THE SOCIALISTS AT THIS POINT WAS BY-AND-LARGE A SOCIAL-DEMOCRATIC PHILOSOPHY.

3. MAGALHAES MOTA GAVE A BRIEF ANALYSIS OF THE ELECTION RESULTS. HE THOUGH THE SOCIALIST VOTE HAD CLEARLY DIVIDED AMONG OTELO, AZEVEDO, AND EANES. THE PPD AND THE CDS HAD HELD THEIR ELECTORATES, ALTHOUGH FIRMINO MIGUEL NOTED THE CDS WAS NOW HAVING TROUBLE WITH ITS RIGHT WING. ONE OF THE MOST IMPORTANT OUTCOMES OF THE ELECTION WAS THE PCP'S INABILITY TO HOLD ON TO ITS LABOR BASE. OTELO WAS NOT A UNIFYING

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FORCE AROUND WHICH THE LEFT WOULD RALLY. HIS VOTE HAD COME PRINCIPALLY FROM PCP DEFECTORS AND LEFTISTS WHO HAD NOWHERE ELSE TO GO. IT WAS NOT A VOTE OF CONFIDENCE IN THE MAN.

4. SA CARNEIRO SAID OTELO'S FINANCIAL SUPPORT HAD COME PARTLY FROM THE PALESTINIANS BUT THAT HE FELT THE COMMUNISTS WERE SECRETLY BEHIND THE ENTIRE

RESURGENCE OF THE FAR LEFT. I QUESTIONED WHY THE COMMUNISTS SHOULD ACCEPT A DEFEAT AT THE POLLS TO STIMULATE A NEW FORCE WHICH MIGHT SPIN OUT OF THEIR CONTROL. SA CARNEIRO AND FIRMINO MIGUEL SAID THE COMMUNIST DEFEAT WAS INEVITABLE, HENCE THEY GUESSED THAT THE PARTY DECIDED TO PROMOTE THE FAR LEFT SO THAT THE PCP COULD FOLLOW A CONCILIATORY COURSE BUT AT THE SAME TIME STIMULATE MASSIVE OPPOSITION AMONG THE WORKING CLASS THROUGH THE FORCES THAT SUPPORTED OTELO. MIGUEL NOTED THAT PORTUGAL HAS ALWAYS HAD STRONG ANARCHIST GROUPS AND THAT THE COMMUNISTS WERE SEEKING TO TAKE ADVANTAGE OF THIS PHENOMENON. SA CARNEIRO AND MIGUEL BOTH FELT NEITHER THE SOCIALISTS NOR THE COMMUNIST SUPPORT IN LABOR WAS FIRM, AND THAT THE PPD EFFORT TO GAIN LABOR SUPPORT WOULD BEAR FRUIT.

5. COMMENT: THIS IS VINTAGE SA CARNEIRO. HIS HOPES AT TIMES GET IN THE WAY OF HIS ANALYSIS. SA CARNEIRO HAS A VALID POINT, HOWEVER, IN STRESSING THE IMPORTANCE OF SOARES' CABINET AS A TOUCHSTONE OF THE SERIOUSNESS OF THE SOCIALISTS' INTENT TO TAKE THE HARD STEPS REQUIRED TO SET THE ECONOMY ON THE ROAD TO RECOVERY. CARLUCCI

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